

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7075

Investigation into Vermont Gas Systems, Inc.'s)
Amended Successor Service Quality and)
Reliability Plan)

Order entered: 6/24/2005

I. INTRODUCTION

In this Order, the Vermont Public Service Board ("Board") approves Vermont Gas System, Inc.'s ("VGS" or "Company") Amended Successor Service Quality and Reliability Plan ("Amended Successor Plan"), as filed with the Board on March 31, 2005.

II. BACKGROUND

On June 18, 2004, the Board approved a Successor Service Quality and Reliability Performance Monitoring and Reporting Plan ("Successor Plan") for VGS. The Successor Plan required VGS and the Vermont Department of Public Service ("DPS") to negotiate a new meter-accuracy standard and submit it to the Board for approval 90 days prior to the end of the Successor Plan's fourth reporting quarter.¹ VGS submitted the Amended Successor Plan reflecting the renegotiated meter accuracy standard. As more fully explained below, the new standard proposes to supplement a systematic meter-testing plan (the "Program") for the specific meter accuracy measure currently in place.

On June 10, 2005, the Department submitted a letter in which it indicated that it worked with VGS in the development of the Program, and that it supports VGS' new meter-accuracy standard. The Department recommends that the amendment be incorporated into VGS'

1. See Measure 7a of the Successor Plan.

Successor Plan, and that the Amended Successor Plan be approved without further hearing or investigation.

III. FINDINGS

1. VGS' Program contains a plan for a statistically based meter-testing process for its large and small diaphragm meters. VGS Letter of March 31, 2005.
2. VGS proposes to test its small diaphragm gas meters (less than 500 CFH capacity) based on the provisions of the protocol contained in the *ANSI/ASQC Z1.9-2003, Sampling Procedures and Tables for Inspection by Variables for Percent Nonconforming*. *Id.* at 2; Attachment A attached hereto.
3. The statistically based testing approach involves the annual sampling of all small diaphragm gas meters that have been in service for more than five years. VGS Letter of March 31, 2005, at 2; *see also* Attachment A.
4. In order to determine meter accuracy for its large diaphragm gas meters (500 CFH or greater capacity), VGS plans to implement a variable-interval testing program. VGS Letter of March 31, 2005, at 2; Attachment B attached hereto.
5. If certain meter classes have unacceptable performance (as defined in Attachment A), VGS will prepare a remediation plan to address this. VGS Letter of March 31, 2005 at 2; *see also* Attachment A.
6. The Program does not address rotary meters or turbine meters. VGS currently has 17 such meters, and is currently developing a plan to assess these types of meters. VGS will review the rotary and turbine meter assessment with the DPS. VGS Letter of March 31, 2005, at 2.
7. VGS has also identified two additional classes of meters that are likely to warrant replacement, AL175 and AL250 meters. VGS has a total of approximately 11,000 meters in these two classes. VGS has concluded that these meters need to be replaced and has chosen to implement a program to do so. Its remediation plan, including time frame, prioritization, and full cost is still under development, but is likely to require between 5 and 10 years to complete. *Id.*
8. In recognition that the Program specifies the structure of the meter testing protocol, but does not specify how it will be implemented – including the manner in which meter tests will be

conducted, the conditions under which meters are to be refurbished and returned to service or discarded – VGS will develop a meter manual. In addition to containing the guidelines, protocols and procedures for all aspects of the Program, the manual will also contain the specifications for new meter purchases, and the guidelines for developing and implementing any required remediation plans. *Id.* at 2-3.

9. The Department and VGS are now in the process of reaching agreement on the contents of such a manual. VGS anticipates that the manual will be completed by the beginning of June. Department Letter of June 10, 2005; VGS Letter of March 31, 2005, at 3.

IV. DISCUSSION

As the Board has found with similar plans in the past, Service Quality Plans benefit utility customers by helping ensure that they receive adequate and reliable service.² We conclude that the amendment of VGS' Successor Plan to include the Program is in the public interest, and we hereby approve it for the reasons set out below, and under the following conditions.

We are persuaded by the parties that VGS' implementation of a systematic meter-testing plan for the specific meter accuracy measure currently in place is a reasonable amendment to VGS' Successor Plan. The Program sets out a testing plan for both small and large diaphragm gas meters. This appears to establish a reasonably balanced approach as it ensures the gathering of quality test data while minimizing the extent of required testing and the associated costs.

The Department has worked with VGS in the development of the Program, and the two parties are now in the process of reaching agreement on a manual that will set out the specific procedures for the Program's implementation. According to the Department and VGS, the finalization of the manual need not delay the Board's further action on VGS' filing. We agree.

VGS has indicated, however, that the Program does not address VGS' seventeen rotary and turbine meters. VGS is currently developing a plan to ensure the accuracy of these meters, and is doing this in consultation with the Department. We conclude that this is appropriate. We hereby direct VGS, in consultation with the Department, to submit a filing describing the

2. See, e.g., Docket 6939, Order of 6/18/04 at 6.

Company's plan to address the accuracy of these meters. The parties can file this, or an explanation why such a plan is not available, within 90 days of the issuance of this Order.

According to VGS, two other classes of its meters warrant remediation. VGS has stated that its AL175 and AL250 meters – approximately 11,000 in total – need to be replaced, but that a remediation plan, including time frame, prioritization, and cost is still under development. Because this would appear to constitute a significant number of the Company's meters, the Board would like to gain a better understanding of VGS' remediation plans for them. Consequently, as with the Company's plan to assess the status of its rotary and turbine meters, VGS shall file its remediation plan for its AL175 and AL250 meters, or an explanation why such a plan is not yet available, within 90 days of the issuance of this Order.

V. CONCLUSION

We conclude that VGS's Amended Successor Plan offers significant benefits to VGS's customers. Therefore, under the conditions set out above, we approve VGS's Amended Successor Plan.

VI. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Amended Successor Plan of Vermont Gas Systems, Inc. is approved.
2. Within 90 days of the issuance of this Order, VGS, in consultation with the Department, shall submit a description of VGS' plan for ensuring the accuracy of VGS' rotary and turbine meters, or an explanation of why such a plan is not available.
3. Within 90 days of the issuance of this Order, VGS shall file its remediation plan for its AL175 and AL250 meters, or an explanation of why such a plan is not available.

Dated at Montpelier, Vermont, this 24th day of June, 2005.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: June 24, 2005

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.